

## CHAPTER 143

### BOND REPAYMENTS, RETIREMENT FUNDING, AND OTHER MISCELLANEOUS APPROPRIATIONS

H.F. 648

**AN ACT** relating to state and local finances by making transfers and appropriations and including effective date and applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

#### DIVISION I STATE BOND REPAYMENT FUND

##### Section 1. STATE BOND REPAYMENT FUND — TAXPAYERS TRUST FUND.

1. Notwithstanding section 8.55, subsection 2, paragraph “b”, if the Iowa economic emergency fund reaches its maximum balance in the fiscal year beginning July 1, 2013, after the designated portion of the excess moneys is transferred to the taxpayers trust fund pursuant to section 8.55, subsection 2, paragraph “a”, the next \$116,100,000 is transferred to the state bond repayment fund created in section 8.57F, as enacted by this division of this Act.

2. If the treasurer of state determines that the amount transferred pursuant to subsection 1 is not sufficient to defease or redeem the bonds specified in section 8.57F, subsection 2, as enacted by this division of this Act, and to pay the costs relating to the defeasance or redemption, to the entire extent that the bonds may be defeased or redeemed, the treasurer of state may submit a written request to the department of management that the department certify the amount of the insufficiency as determined by the treasurer of state. The request shall detail the information needed by the department of management to determine whether the department concurs with the treasurer of state’s determination. Upon issuance of the department of management’s written certification of the insufficiency amount, there is transferred from the Iowa economic emergency fund, after the transfer made pursuant to subsection 1 to the state bond repayment fund, an amount equal to the insufficiency amount certified by the department of management. The treasurer of state’s request, any documents relating to the request, and the department of management’s certification shall also be submitted to the chairpersons and ranking members of the committees on appropriations of the senate and house of representatives and the legislative services agency at the time of submission or certification.

3. To the extent the following bonds are defeased or redeemed by moneys transferred or credited to the state bond repayment fund created in section 8.57F, as enacted by this division of this Act, there is transferred to the general fund of the state from the revenue source otherwise designated by law or existing practice for payment of the bonds, an amount equal to that which otherwise would have been paid in connection with the bonds from such revenue source for the fiscal year beginning July 1, 2013:

- a. The premier destination park bonds issued pursuant to section 463C.12.
- b. The Iowa jobs program bonds issued pursuant to section 12.87, subsection 1, paragraph “b”, subparagraph (3), on which the interest is subject to federal income tax.
- c. The school infrastructure program bonds issued pursuant to sections 12.81 through 12.86.

##### Sec. 2. NEW SECTION. **8.57F State bond repayment fund.**

1. a. The state bond repayment fund is created. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state. The moneys credited to the fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section.

b. Moneys in the fund shall only be used for the defeasance or redemption of outstanding obligations issued by the state or an authority of the state that have debt service paid by a dedicated revenue source and for payment of costs relating to the defeasance or redemption.

c. Moneys in the fund may be used for cash flow purposes during a fiscal year provided that any moneys so allocated are returned to the fund by the end of that fiscal year.

d. Except as provided in section 8.58, the fund shall be considered a special account for the purposes of section 8.53 in determining the cash position of the general fund of the state for the payment of state obligations.

2. The moneys credited to the fund for the fiscal year beginning July 1, 2013, are appropriated to the treasurer of state to defease or redeem the following bonds and to pay the costs relating to the defeasance or redemption, to the extent the bonds can be defeased or redeemed and costs paid within the amount appropriated. The bonds shall be defeased or redeemed in the following order of priority:

a. In conjunction with the honey creek premier destination park authority, the premier destination park bonds issued pursuant to section 463C.12.

b. In conjunction with the Iowa finance authority, the prison infrastructure revenue bonds issued pursuant to section 16.177.

c. The Iowa jobs program bonds issued pursuant to section 12.87, subsection 1, paragraph "b", subparagraph (3), on which the interest is subject to federal income tax.

d. The school infrastructure program bonds issued pursuant to sections 12.81 through 12.86.

3. Any bonds listed in subsection 2 that are not defeased or redeemed in accordance with this section shall continue to be payable from their original payment source.

Sec. 3. Section 8.58, Code 2013, is amended to read as follows:

**8.58 Exemption from automatic application.**

1. To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund, rebuild Iowa infrastructure fund, environment first fund, Iowa economic emergency fund, and taxpayers trust fund, and state bond repayment fund shall not be considered in the application of any formula, index, or other statutory triggering mechanism which would affect appropriations, payments, or taxation rates, contrary provisions of the Code notwithstanding.

2. To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund, rebuild Iowa infrastructure fund, environment first fund, Iowa economic emergency fund, and taxpayers trust fund, and state bond repayment fund shall not be considered by an arbitrator or in negotiations under chapter 20.

Sec. 4. EFFECTIVE UPON ENACTMENT — APPLICABILITY.

1. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

2. The section of this division of this Act providing for transfer of moneys from the Iowa economic emergency fund to the state bond repayment fund instead of the general fund of the state applies to transfers made from the Iowa economic emergency fund after the effective date of this division of this Act.

*\*DIVISION II*

*PUBLIC RETIREMENT SYSTEMS*

*Sec. 5. JUDICIAL RETIREMENT FUND. There is appropriated from the general fund of the state to the judicial retirement fund described in section 602.9104, for the fiscal year beginning July 1, 2012, and ending June 30, 2013, an amount equal to \$18,900,000.*

*Sec. 6. PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM RETIREMENT FUND. There is appropriated from the general fund of the state to the peace officers' retirement, accident, and disability system retirement fund described in section*

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\* Item veto; see message at end of the Act

97A.8, for the fiscal year beginning July 1, 2012, and ending June 30, 2013, an amount equal to \$91,300,000.

Sec. 7. REPEAL. Section 97A.11A, Code 2013, is repealed.

Sec. 8. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.\*

### DIVISION III MISCELLANEOUS APPROPRIATIONS

Sec. 9. GENERAL FUND APPROPRIATIONS — FY 2012-2013. There is appropriated from the general fund of the state to the following departments and agencies for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. DEPARTMENT OF ADMINISTRATIVE SERVICES

a. For projects related to major repairs and major maintenance needs including health, life, and fire safety needs and for compliance with the federal Americans with Disabilities Act for state buildings:

..... \$ 2,700,000

b. For costs associated with capitol interior and exterior restoration, including the installation of a lightning protection system:

..... \$ 330,000

2. DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

For deposit in the agricultural drainage well water quality assistance fund created in section 460.303 to be used for purposes of supporting the agricultural drainage well water quality assistance program as provided in section 460.304:

..... \$ 1,620,000

Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2015.

3. DEPARTMENT OF COMMERCE — DIVISION OF BANKING

For financial literacy education:

..... \$ 100,000

a. DEFINITIONS

For the purposes of this subsection, unless the context otherwise requires:

(1) “Administrator” means the division of banking of the department of commerce.

(2) “Financial institution” means a bank, bank holding company, savings bank, or savings and loan association organized under the laws of this state, another state, or the United States, approved for participation by the administrator.

(3) “Operating organization” means an agency selected by the administrator for involvement in financial literacy education.

b. PROGRAM — ELIGIBILITY

(1) The administrator shall utilize a request for proposals process for selection of operating organizations.

(2) The selected operating organization shall administer a financial literacy education program through financial institutions to citizens of the state. The program shall include any of the following:

(a) Home buyer education.

(b) Financial literacy education for students in kindergarten through grade twelve and for college students.

(c) Financial literacy programs for entrepreneurs.

(d) Financial literacy teacher training.

\* Item veto; see message at end of the Act

c. By October 1, each year through October 1, 2016, the division shall submit a report to the general assembly detailing the expenditures made from the moneys appropriated in this subsection during the previous fiscal year.

d. Notwithstanding section 8.33, moneys appropriated in this paragraph<sup>1</sup> that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2015.

#### 4. DEPARTMENT OF CORRECTIONS

For the construction project at the Iowa correctional facility for women at Mitchellville:

..... \$ 11,200,000

#### 5. IOWA ECONOMIC DEVELOPMENT AUTHORITY

a. For infrastructure building and site development at a proposed manufacturing center of excellence and for the purchase of advanced manufacturing equipment for the proposed center:

..... \$ 3,500,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until June 30, 2015.

b. For services pertaining to the pursuit and possible establishment of a regional hub under the national network for manufacturing innovation program to accelerate development and adoption of innovative manufacturing technologies for making new globally competitive products:

..... \$ 500,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.

c. For renovations, expansions, and enhancements to facilities for an adult day program at a year-round camp for persons with disabilities in a central Iowa city with a population between one hundred ninety-five thousand and two hundred five thousand in the latest preceding certified federal census:

..... \$ 250,000

d. For costs associated with the hosting of a national junior summer olympics by a nonprofit sports organization:

..... \$ 250,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2013.

e. For the provision of financial assistance including the establishment of a loan program; for technical assistance, marketing, and education to businesses interested in establishing employee stock ownership plans; and for procurement of the services of an independent contractor with expertise in the formation of the employee stock ownership plans:

..... \$ 500,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.

On or before January 1, 2016, the authority shall submit a report to the general assembly and the governor's office describing the expenditure of moneys appropriated pursuant to this lettered paragraph "e" and evaluating the success of the assistance and promotion program.

#### 6. DEPARTMENT OF EDUCATION

a. For the Iowa reading research center established pursuant to section 256.9:

..... \$ 669,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain

<sup>1</sup> According to enrolled Act; the word "subsection" probably intended

unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2013.

b. For purposes of implementing the statewide core curriculum for school districts and accredited nonpublic schools and a state-designated career information and decision-making system:

..... \$ 1,000,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2013.

*\*c. For major renovation and major repair needs, including health, life, and fire safety needs and for compliance with the federal Americans with Disabilities Act for buildings and facilities under the purview of the community colleges:*

..... \$ 1,000,000\*

#### 7. DEPARTMENT OF HUMAN RIGHTS

For deposit in the individual development account state match fund created in section 541A.7 to support the operating organizations providing individual development accounts in Iowa:

..... \$ 100,000

a. If the term of a contract with an operating organization ends prior to June 30, 2014, the department shall renew the contract to at least June 30, 2014.

b. By October 1, each year through October 1, 2016, the department shall submit a report to the general assembly detailing the expenditures made from the moneys appropriated in this subsection during the previous fiscal year by the operating organizations.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2015.

#### 8. DEPARTMENT OF HUMAN SERVICES

a. For a grant to a nonprofit child welfare, juvenile justice, and behavioral health agency for the construction of a psychiatric medical institution for children in a city with a population between twenty-eight thousand and twenty-nine thousand in the latest preceding certified federal census:

..... \$ 1,000,000

b. For a grant to a nonprofit agency that provides innovative solutions to children and adults with autism in a city with a population between fourteen thousand five hundred and fifteen thousand five hundred in the latest preceding certified federal census for costs associated with improvements to facilities:

..... \$ 800,000

c. For allocation to an Iowa food bank association selected by the department for the purchase of food on behalf of an Iowa emergency feeding organization or for the distribution of moneys to the Iowa emergency feeding organizations for the purchase of food:

..... \$ 1,000,000

The moneys appropriated in this paragraph shall be allocated only to the extent that the allocated moneys are matched on a dollar-for-dollar basis.

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.

#### 9. IOWA JUDICIAL BRANCH

For costs associated with the continued development and implementation of the electronic document management system:

..... \$ 3,000,000

#### 10. DEPARTMENT OF PUBLIC SAFETY

\* Item veto; see message at end of the Act

- a. For equipment, other than land mobile radio communications equipment:

..... \$ 1,000,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2013.

*\*b. For providing administrative support for the public safety training and facilities task force established in 2013 Iowa Acts, Senate File 447, if enacted:*

..... \$ 50,000

- c. For the regional emergency response training centers, to be distributed on an equal basis:

..... \$ 150,000\*

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.

#### 11. STATE BOARD OF REGENTS

a. For major repairs and major maintenance, including fire safety improvements and projects for compliance with the federal Americans With Disabilities Act, at state board of regents institutions and facilities:

..... \$ 2,000,000

b. For infrastructure improvements to construct a multipurpose training facility at the state hygienic laboratory at the state university of Iowa:

..... \$ 1,000,000

c. For the university of northern Iowa for funding issues related to high enrollment by in-state students:

..... \$ 10,000,000

Notwithstanding section 8.33, moneys appropriated in this lettered paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.

d. For implementing the bioeconomy initiative at Iowa state university of science and technology:

..... \$ 7,500,000

Notwithstanding section 8.33, moneys appropriated in this paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.

e. For the college of veterinary medicine at Iowa state university of science and technology for renovations and improvements of facilities including offsite facilities:

..... \$ 1,000,000

f. For the economic development core facility located at the research park at Iowa state university of science and technology:

..... \$ 12,000,000

*\*g. For construction of a new facility, and renovation and modernization of current facilities and related improvements for the college of pharmacy at the state university of Iowa:*

..... \$ 3,000,000

h. For construction and related improvements for a new facility for the biosciences at Iowa state university of science and technology:

..... \$ 2,500,000

i. For the renovation, modernization, and related improvements to the Schindler education center at the university of northern Iowa for teacher education programs and teacher preparation courses:

..... \$ 1,500,000

#### 12. DEPARTMENT OF TRANSPORTATION

For the public purpose of defraying costs associated with the operation of a contract air

\* Item veto; see message at end of the Act

traffic control tower which holds an air agency certificate:

..... \$ 150,000

*Moneys appropriated by this subsection shall be distributed on a local match basis to the largest city in a county with a population of more than 92,000 and less than 95,000 as of the last preceding certified federal census.\**

### 13. DEPARTMENT OF VETERANS AFFAIRS

a. For remodeling and upgrades to office space at Camp Dodge:

..... \$ 137,940

b. For a grant to an American legion post located in a city with a population between one thousand ten and one thousand twenty in the latest preceding certified federal census for the construction of a veteran's reception center and community center:

..... \$ 600,000

### \*14. DEPARTMENT OF WORKFORCE DEVELOPMENT

*For distribution for a public purpose to an entity with a mission of providing education and training for occupations in Iowa's renewable energy production industries and related occupational opportunities:*

..... \$ 300,000

*Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2014.\**

### 15. STATE FAIR AUTHORITY

a. For infrastructure costs associated with the construction of a plaza on the Iowa state fairgrounds:

..... \$ 1,000,000

b. For renovations and improvements to the cultural center at the state fair:

..... \$ 250,000

### \*Sec. 10. RISK POOL TRANSFER.

1. There is transferred from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount to be used for the purposes designated:

For deposit in the risk pool of the property tax relief fund created in section 426B.5, for distribution as provided in this section:

..... \$ 13,000,000

2. The moneys deposited in the risk pool pursuant to subsection 1 shall be distributed to counties or county regions in the fiscal year beginning July 1, 2013, and ending June 30, 2014. The application and award processes for a distribution shall be determined by the risk pool board created in section 426B.5, and the processes determined by the risk pool shall apply in lieu of contrary provisions in section 426B.5, subsection 2. However, the application and award dates determined by the board shall not be later than those specified in section 426B.5, subsection 2.

3. a. A distribution of moneys under this section is subject to the same requirement relating to county involvement in a region that is applicable to a distribution of an equalization payment, in accordance with section 426B.3, subsection 4, paragraph "b", as amended by 2013 Iowa Acts, Senate File 452, if enacted.

b. The processes determined by the risk pool board shall give priority to those counties in need of additional funding in order to maintain mental health and disability services that were required to reduce their services fund levy for the fiscal year beginning July 1, 2013, in accordance with section 331.424A, subsection 7, as enacted by 2012 Iowa Acts, chapter 1120, section 132. If moneys remain after the needs of such counties are met, the applications of counties for additional funding for continuation of county mental health and disability services to targeted populations that are not funded by the Medicaid program, but that are covered under such counties' service management plan approved for the fiscal year, shall also be considered.

\* Item veto; see message at end of the Act

c. The risk pool board shall specify financial and service information to be provided with a county's application. The information may include but is not limited to actual and projected cash and accrued fund balances, detailed accounts receivable and payable information, budgeted revenues and expenditures, identification of the need for the amount requested, services provided and populations covered under the service management plan, and costs for the county's services administration.

4. If adoption of administrative rules is necessary to implement the processes determined by the risk pool board for the purposes of this section, upon recommendation of the risk pool board the mental health and disability services commission may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the processes and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this subsection shall also be published as a notice of intended action as provided in section 17A.4.

5. Notwithstanding section 426B.1, subsection 1, moneys deposited to the risk pool pursuant to this section that remain unencumbered or unobligated shall revert to the general fund of the state at the close of the fiscal year beginning July 1, 2013.\*

Sec. 11. DEPARTMENT OF VETERANS AFFAIRS. There is appropriated from the rebuild Iowa infrastructure fund to the department of veterans affairs for the fiscal year beginning July 1, 2013, and ending June 30, 2014, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For construction costs associated with the expansion of an equipment and vehicle storage building at the Iowa veterans cemetery:

..... \$ 250,000

#### Sec. 12. REPORTING.

1. Annually, on or before January 15 of each year, a state agency that received an appropriation in this division of this Act shall report to the legislative services agency and the department of management the status of all projects completed or in progress. The report shall include a description of the project, the progress of work completed, the total estimated cost of the project, a list of all revenue sources being used to fund the project, the amount of funds expended, the amount of funds obligated, and the date the project was completed or an estimated completion date of the project, where applicable.

2. Annually, on or before December 31 of each year, a recipient of moneys appropriated in this division of this Act for any purpose shall report to the state agency to which the moneys are appropriated the status of all projects completed or in progress. The report shall include a description of the project, the progress of work completed, the total estimated cost of the project, a list of all revenue sources being used to fund the project, the amount of funds expended, the amount of funds obligated, and the date the project was completed or an estimated completion date of the project, where applicable.

Sec. 13. REVERSION. For purposes of section 8.33, unless specifically provided otherwise, unencumbered or unobligated moneys from an appropriation made in this division of this Act shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2016. However, if the project or projects for which such appropriation was made are completed in an earlier fiscal year, unencumbered or unobligated moneys shall revert at the close of that same fiscal year.

#### Sec. 14. NEW SECTION. 331.399 **Governmental body.**

Mental health and disability services regions formed pursuant to this part shall be a governmental body for purposes of chapter 21 and shall be a government body for purposes of chapter 22.

Sec. 15. 2012 Iowa Acts, chapter 1140, section 1, subsection 12, is amended to read as follows:

#### 12. STATE FAIR AUTHORITY

\* Item veto; see message at end of the Act



For renovations and improvements including but not limited to the cultural center at the state fair:

FY 2012-2013 .....	\$	250,000
FY 2013-2014 .....	\$	250,000
		<u>0</u>

Sec. 16. 2013 Iowa Acts, House File 638,<sup>2</sup> section 1, subsection 1, paragraph a, unnumbered paragraphs 1 and 2, if enacted, are amended to read as follows:

For projects related to major repairs and major maintenance for state buildings and facilities:

FY 2013-2014:

.....	\$	4,000,000
		<u>3,800,000</u>

Sec. 17. 2013 Iowa Acts, Senate File 452,<sup>3</sup> section 10, if enacted, is amended to read as follows:

SEC. 10. IOWA TUITION GRANTS. There is appropriated from the general fund of the state to the college student aid commission for the fiscal year beginning July 1, 2013, and ending June 30, 2014, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For Iowa tuition grants under section 261.25, subsection 1:

.....	\$	500,000
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Sec. 18. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

#### DIVISION IV SOIL AND WATER CONSERVATION AND WATER QUALITY

Sec. 19. SOIL AND WATER CONSERVATION — GENERAL. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1. For use by the department in providing for soil and water conservation administration, the conservation of soil and water resources, or the support of soil and water conservation district commissioners:

.....	\$	7,000,000
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2. Not more than 5 percent of the moneys appropriated in subsection 1 may be allocated for cost sharing to address complaints filed under section 161A.47.

3. Of the moneys appropriated in subsection 1, 5 percent shall be allocated for financial incentives to establish practices to protect watersheds above publicly owned lakes of the state from soil erosion and sediment as provided in section 161A.73.

4. Not more than 30 percent of a soil and water conservation district's allocation of moneys as financial incentives may be provided for the purpose of establishing management practices to control soil erosion on land that is row cropped, including but not limited to no-till planting, ridge-till planting, contouring, and contour strip-cropping as provided in section 161A.73.

5. The state soil conservation committee established by section 161A.4 may allocate moneys appropriated in subsection 1 to conduct research and demonstration projects to promote conservation tillage and nonpoint source pollution control practices.

6. The allocation of moneys as financial incentives as provided in section 161A.73 may be used in combination with moneys allocated by the department of natural resources.

7. Not more than 15 percent of the moneys appropriated in subsection 1 may be used for costs of administration and implementation of soil and water conservation practices.

<sup>2</sup> Chapter 142 herein

<sup>3</sup> Chapter 140 herein

8. The moneys appropriated in this section shall not be used by the soil conservation division of the department of agriculture and land stewardship to provide administrative support to the watershed improvement review board established in section 466A.3.

**Sec. 20. WATER QUALITY INITIATIVE — SPECIAL PROJECTS.**

1. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the water quality initiative fund created in section 466B.45, if enacted by 2013 Iowa Acts, Senate File 435, <sup>4</sup> for purposes of supporting special projects associated with a water quality initiative administered by the soil conservation division as provided in section 466B.42, if enacted by 2013 Iowa Acts, Senate File 435: <sup>5</sup>

..... \$ 10,000,000

2. a. Seventy percent of the moneys shall be used to support projects in subwatersheds as designated by the division that are part of high-priority watersheds identified by the water resources coordinating council established pursuant to section 466B.3.

b. Thirty percent of the moneys shall be used to support projects in watersheds generally, including regional watersheds, as designated by the division, and high-priority watersheds identified by the water resources coordinating council established pursuant to section 466B.3.

3. In supporting projects in subwatersheds and watersheds as provided in subsection 2, the division shall do all of the following:

a. Utilize water quality practices as described in the latest revision of the document entitled “Iowa Nutrient Reduction Strategy” initially presented in November 2012 by the department of agriculture and land stewardship, the department of natural resources, and Iowa state university of science and technology.

b. Participate with persons who hold a legal interest in agricultural land used in farming. To every extent practical, the division shall provide for collaborative participation by such persons who hold a legal interest in agricultural land located within the same watershed.

c. Finance the establishment of water quality practices on a cost-share basis as determined by the division. However, the state’s share of the amount shall not exceed 50 percent of the estimated cost of establishing the water quality practice as determined by the division or 50 percent of the actual cost of establishing the water quality practice, whichever is less.

4. Notwithstanding any other provision in law to the contrary, the department may use moneys appropriated in subsection 1 in combination with other moneys appropriated to the department from the environment first fund created in section 8.57A for cost sharing to match the United States department of agriculture, natural resources conservation service, wetland reserve enhancement program.

**Sec. 21. WATER QUALITY INITIATIVE APPROPRIATIONS — FEDERAL MONEYS.** The department of agriculture and land stewardship, and its soil conservation division, may use moneys appropriated in this division of this Act to support the water quality initiative, including its projects, in combination with other moneys provided by the United States government.

**Sec. 22. WATER QUALITY INITIATIVE — REPORT.** The department of agriculture and land stewardship shall prepare a preliminary report and final report regarding its efforts to administer the water quality initiative as provided in this division. Each report shall include information regarding the establishment of water quality practices, including demonstration projects, and education and outreach efforts. The department shall deliver the preliminary report to the governor and general assembly not later than January 15, 2014, and shall deliver the final report to the governor and general assembly not later than January 15, 2015. A report shall not identify an individual or specific agricultural land.

**Sec. 23. WATERSHED IMPROVEMENT FUND.**

<sup>4</sup> Chapter 132 herein

<sup>5</sup> Chapter 132 herein

1. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the watershed improvement fund created in section 466A.2:

..... \$ 3,000,000

2. Of the amount appropriated in subsection 1, 50 percent shall be used for purposes of supporting special projects associated with the water quality initiative administered by the soil conservation division.

Sec. 24. NONREVERSION. Notwithstanding section 8.33, moneys appropriated in this division of this Act that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2017.

Sec. 25. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

*Approved June 20, 2013, with exceptions noted.*

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit House File 648, an Act relating to state and local finances by making transfers and appropriations and including effective date and applicability provisions.

House File 648 is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Division II in its entirety. This item provides supplemental appropriations from the General Fund to the Judicial Retirement and Peace Officer Retirement Funds. While these retirement plans have funding shortfalls, trying to make up for these shortfalls should not be borne only by taxpayers of the State. Iowa needs a comprehensive, long-term, sustainable plan for making up the shortfall in these retirement funds. The plan should include both the State and the participants of the plan as financial partners in bringing these funds to financial balance. The division also eliminates the annual standing appropriation of \$5,000,000 to the Peace Officer Retirement Fund. My disapproval of the division restores \$5,000,000 in funding starting in fiscal year 2014.

I am unable to approve the item designated as Section 9, paragraph 6, subparagraph c in its entirety. This item provides \$1,000,000 in maintenance funding for community colleges. I did not include this spending in my budget recommendation. Community colleges have received other increases and additional funding for the next fiscal year in other areas beyond my recommendations. Therefore, this funding is not approved.

I am unable to approve the item designated as Section 9, paragraph 10, subparagraph b in its entirety. This item provides \$50,000 to fund a new public safety training and facilities task force. This funding is no longer necessary due to the fact that the new task force was disapproved in Senate File 447.

I am unable to approve the item designated as Section 9, paragraph 10, subparagraph c in its entirety. This item provides \$150,000 to regional emergency response training centers, distributed on an equal basis. Providing funding to entities without guidance or oversight is not an efficient use of taxpayer funds.

I am unable to approve the item designated as Section 9, paragraph 11, subparagraph g in its entirety. This item spends \$3,000,000 to plan and design a new project, the University

of Iowa Pharmacy Building Renovation. Early estimates reveal an anticipated cost of at least \$67,600,000. Until strategic plans and sustainable financing are secure, it is not appropriate to spend taxpayer money designing and planning the project. The Iowa Board of Regents should continue to engage in a long-term strategic planning process to review infrastructure needs in light of changes in educational technology. Technology and innovation should make it feasible to deliver high-quality education to students at a lower tuition and infrastructure cost, as delivery of educational services will require less physical presence on college campuses in the future.

I am unable to approve the item designated as Section 9, paragraph 11, subparagraph h in its entirety. This item spends \$2,500,000 to plan and design a new project, the Iowa State University Biosciences Building. Early estimates reveal an anticipated cost of at least \$42,500,000. Until strategic plans and sustainable financing are secure, it is not appropriate to spend taxpayer money designing and planning the project. The Iowa Board of Regents should continue to engage in a long-term strategic planning process to review infrastructure needs in light of changes in educational technology. Technology and innovation should make it feasible to deliver high-quality education to students at a lower tuition and infrastructure cost, as delivery of educational services will require less physical presence on college campuses in the future.

I am unable to approve the item designated as Section 9, paragraph 11, subparagraph i in its entirety. This item spends \$1,500,000 to plan and design a new project, the University of Northern Iowa Schindler Education Center Renovation. Early estimates reveal an anticipated cost of at least \$31,600,000. Until strategic plans and sustainable financing are secure, it is not appropriate to spend taxpayer money designing and planning the project. The Iowa Board of Regents should continue to engage in a long-term strategic planning process to review infrastructure needs in light of changes in educational technology. Technology and innovation should make it feasible to deliver high-quality education to students at a lower tuition and infrastructure cost, as delivery of educational services will require less physical presence on college campuses in the future.

I am unable to approve the item designated as Section 9, paragraph 12 in its entirety. This item provides \$150,000 for the operation of a contract air traffic control tower in Dubuque. Earlier this year, concerns existed that federal sequestration of funds could withhold funds and affect operation of this control tower. However, federal funding was restored. The state funds are no longer needed.

I am unable to approve the item designated as Section 9, paragraph 14 in its entirety. This item provides \$300,000 for an entity to provide education and training for occupations in Iowa's renewable energy production industries and related educational opportunities. While I support renewable energy and the job opportunities associated with it, this spending provides state taxpayer dollars for a program pursuant to a federal grant with no state guidance or oversight. This is not the best use of state taxpayer funds. We have already provided \$15.8 million in fiscal year 2014 for workforce training through the Iowa Skilled Worker and Job Creation Fund, an increase of \$7.8 million over fiscal year 2013.

I am unable to approve the item designated as Section 10 in its entirety. This item transfers \$13,000,000 to the risk pool at the Department of Human Services for payment of mental health costs at the county level. Under the new Iowa Health and Wellness Plan, Iowans will have access to high quality mental health services. These services will be fully funded by federal dollars which greatly reduces the demand on county mental health funds. Counties are already receiving additional funds aiding the redesign of the mental health system, including \$11,628,317 in transition funds and \$29,820,478 in equalization funding, as well as the \$110,656,258 to be collected statewide in property taxes to support mental health services. The additional risk pool funding is not necessary at this time.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 648 are hereby approved as of this date.

Sincerely,  
TERRY E. BRANSTAD, *Governor*